

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2021**

**DUKE HEIGHTS
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the DUKE Heights Business Improvement Area

Opinion

I have audited the financial statements of DUKE Heights Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2021, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB).

Basis for Opinion

I conducted my audit in accordance with Canadian Auditing Standards (CAS). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the BIA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

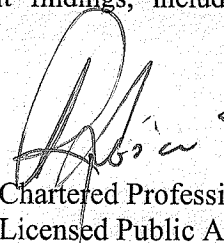
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant audit findings, including any significant deficiencies in internal control that I identify during my audit.


Toronto, Ontario
May 26, 2022


Chartered Professional Accountant
Licensed Public Accountant

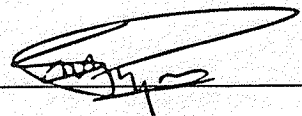
**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	458,766	102,011
Short-term investments (Note 3)	5,313,255	3,641,697
Accounts receivable		
City of Toronto – special charges (Note 4)	222,791	169,700
Other	109,051	198,109
	<u>6,103,863</u>	<u>4,111,517</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	265,035	47,479
Other	123,700	86,520
	<u>388,735</u>	<u>133,999</u>
NET FINANCIAL ASSETS	5,715,128	3,977,518
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	<u>1,320,278</u>	<u>1,325,706</u>
ACCUMULATED SURPLUS	<u>7,035,406</u>	<u>5,303,224</u>

Approved on behalf of the Board of Management:



Chair
Lew Pliamm



Treasurer
Shafiq Punjani

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 \$ Budget (Note 10)	2021 \$ Actual	2020 \$ Actual
REVENUE			
City of Toronto – special charges	3,483,687	3,484,612	3,483,900
Sponsorships, contributions and other	103,000	67,613	115,117
	<u>3,586,687</u>	<u>3,552,225</u>	<u>3,599,017</u>
EXPENSES			
Administration	594,850	503,507	490,031
Promotion and advertising	544,500	329,995	253,180
Maintenance	245,000	227,908	232,167
Capital (Note 7)	1,348,000	166,985	115,684
Amortization	-	563,973	460,045
Provision uncollected special charges (Note 3)	79,837	27,675	127,904
	<u>2,812,187</u>	<u>1,820,043</u>	<u>1,679,011</u>
SURPLUS FOR THE YEAR	774,500	1,732,182	1,920,006
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,303,224	5,303,224	3,383,218
ACCUMULATED SURPLUS, END OF YEAR	6,077,724	7,035,406	5,303,224

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
Surplus for the year	1,732,182	1,920,006
Acquisition of tangible capital assets	(558,545)	(569,745)
Amortization of tangible capital assets	563,973	460,045
	1,737,610	1,810,306
Balance - Beginning of year	3,977,518	2,167,212
Balance - End of year	<u>5,715,128</u>	<u>3,977,518</u>

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
Cash flows from operating activities		
Surplus for the year	1,732,182	1,920,006
Non-cash changes to operations		
Add: Non-cash item - Amortization of capital assets	563,973	460,045
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(53,091)	56,886
Accounts receivable – other	89,058	5,217
Accounts payable - City of Toronto	217,556	(371)
Accounts payable – other	37,180	20,457
Cash Provided By Operations	2,586,858	2,462,240
Investing activities		
Purchase of tangible capital assets	(558,545)	(569,745)
Decrease in short-term investment	(1,671,558)	(1,814,252)
Cash, Beginning of Year	102,011	23,768
Cash, End of Year	458,766	102,011

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1. ESTABLISHMENT AND OPERATIONS

The DUKE Heights Business Improvement Area (BIA) is established as a Business Improvement Area under the management and control of a Board of Management appointed by Council of the City of Toronto.

The BIA is entrusted with the improvements, beautification and maintenance of municipally owned lands, buildings and structures in the area, together with the promotion of the area as a business or shopping area. Funding is provided by property owners of the BIA who are levied a special charge based on an annual operating budget prepared by the BIA and approved by Council under Section 220(17) of the Municipal Act, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:

The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

Short-term Investments:

Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

Capital assets:

Purchased capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	3 years	Pole Wraps	5 years	Radio Mast	5 years
Banners	3 years	Office Furniture	5 years	Streetscape	
Street Signs	5 years	Capital Markers	5 years	Improvement	5 years

Contributed services:

Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

Financial instruments:

Financial instruments are recorded at the approximated fair value.

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2021**

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates; as additional information becomes available in the future.

3. SHORT-TERM INVESTMENT

Short-term investment consists of funds invested with BMO Wealth Management. These investments are cashable on demand and are recorded at fair market value.

4. CITY OF TORONTO – SPECIAL CHARGES

Special charges levied by the City are collected and remitted to the BIA by the City. The total special charges outstanding consist of amounts collected by the City not yet remitted to the BIA and amounts uncollected by the City.

The BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2021	2020
	\$	\$
Total special charges outstanding	295,591	314,500
Less: allowance for uncollected special charges	(72,800)	(144,800)
Special charges receivable	<u>222,791</u>	<u>169,700</u>

The provision for (recovery of) uncollected levies reported on the Statement of Operations and Accumulated Surplus comprises of:

	2021	2020
	\$	\$
Special charges written-off	99,675	99,404
Change in provision for uncollected special charges	(72,000)	28,500
	<u>27,675</u>	<u>127,904</u>

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2021**

5. TANGIBLE CAPITAL ASSETS

2021									
	Pole Wraps	Banners	Computers	Street Signs	Office Furniture	Radio Mast	Street-scape Imp.	Capital Markers	Total
Cost									
Beginning	72,518	42,876	4,666	14,400	23,845	-	-	2,142,783	2,301,088
Additions						262,192	265,135	31,218	558,545
Disposals									-
Ending	72,518	42,876	4,666	14,400	23,845	262,192	265,135	2,174,001	2,859,633
Accumulated Amortization									
Beginning	33,987	42,876	1,555	11,520	17,362	-	-	868,082	975,382
Amortization	14,504		1,555	2,880	4,769	52,438	53,027	434,800	563,973
Disposals									-
Ending	48,491	42,876	3,110	14,400	22,131	52,438	53,027	1,302,882	1,539,355
Net Book Value	24,027	-	1,556	-	1,714	209,754	212,108	871,119	1,320,278
2020									
	Pole Wraps	Banners	Computers	Street Signs	Office Furniture	Radio Mast	Street-scape Imp.	Capital Markers	Total
Cost									
Beginning	72,518	42,876	-	14,400	23,845	-	-	1,577,704	1,731,343
Additions	-	-	4,666	-	-	-	-	565,079	569,745
Disposals									-
Ending	72,518	42,876	4,666	14,400	23,845	-	-	2,142,783	2,301,088
Accumulated Amortization									
Beginning	19,483	35,096	-	8,640	12,593	-	-	439,525	515,337
Amortization	14,504	7,780	1,555	2,880	4,769	-	-	428,557	460,045
Disposals									-
Ending	33,987	42,876	1,555	11,520	17,362	-	-	868,082	975,382
Net Book Value	38,531	-	3,111	2,880	6,483	-	-	1,274,701	1,325,706

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2021**

6. INSURANCE

The BIA is required to deposit with the Treasurer, City of Toronto, insurance policies indemnifying the City against public liability and property damage in respect of the activities of the BIA. Insurance coverage providing \$5,000,000 for each occurrence or accident has been obtained by the BIA through the City of Toronto.

7. FINANCIAL INSTRUMENTS

The financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

8. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them as operating surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared capital improvement projects with the City. For this reason the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated surplus.

9. COMMITMENTS

a) Capital cost-share with City of Toronto

The BIA, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The BIA is committed to capital improvement projects of which the BIA's share of \$667,837 (2020 - \$1,041,804) was outstanding as at December 31, 2021.

b) Office lease

The BIA is committed to annual lease payments for office space as follows:

2023	\$76,125	2026	\$79,602
2024	\$77,267	2027	\$80,795
2025	\$78,426	2028	\$82,007
			<u>\$474,222</u>

10. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.